reach a final decision a* to revival or, in the alternative, closure. Proceedings before BIFR have also been stayed by the Calcutta High Court in respect of five
sa»eS.

stripping of air hostense by eastern officials at Calicut

7323. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleated to State:

(B) whether the Customs Official* at Calicut Airport had recently stripped Are air hostesses;

(b) if so. whether several trade unions have urged Government to probe the incident;

(e) if to, the detail* thereof:

(d) whether any action ha* beea initiated by Government against the Cus toms officials potted there;

(e) if so, the details thereof; and

(f) the steps Government propose to take to avoid recurrence of such inci dents?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) No, Sir.

(b) and^c)INTUC, CITU, AITUC, BM5 and HMS have urged a high level probe into the alleged incident of stripping and stringent action against the officials involved.

(d) and (e) The Principal Collector of Customs and Central Excise, Madras has conducted an inquiry into the said incident. His findings, based on his discus-sion|enquiry with some of the persons who were present at the time of incident, indicate that the press reports and alle-pations of 'stripping' and harassment by customs officials are not true. The air hostesses were subject to a routing frisk-. kg by the customs officials in the normal a, eour*e *at* discharge of their functions, fir

(f) In view of answer to (d) and (e) above, no specific steps need to bo taken.

Private sector participation in banking , and insurance

7524. SHRI SANJAY DALM1A: Will the Minister of FINANCE be pleased to state; what are the norma prescribed by
Government for private sector participation in banking and insurance sectors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): Reserve Bank of India have laid down guidelines for entry of the private sector into banking industry, which inter-alia provide that minimum paid-up capital for a new bank should be Rs. 100 crores.

A copy of the RBI's guidelines is attached as Statement *(Set* below)

The Government have not laid down any norms for private sector participation in the insurance industry.

Statement

Guidelines on entry of new pi-irate sector banks

(a) Such a bank shall be registered as a public limited company under thai Comanies Act, 1956.

(b) The RBI may, on merits grant a licence under the Banking Regulation Act, 1949 for such a bank. The bank may also be included in the Second Schedule of the Reserve Bank of India Act, 1934 at the appropriate time. The decision of
the RBI in these matters shall b_e final..

(c) The bank will be governed by the provisions of the Banking Regulation Act, 1949 in regard to its authorised, subscrib ed and paid-up capital. The minimum paid-up capital for such a bank shall be Rs. 100 crores. The promoters' contribu tion for such a hank shall be determined by the RBI and will also be subject to other applicable regulations.

(d) The shares of the bank should b» *tilled* on stock, exchange*.

(e) To avoid concentration of the headquarter* of new bank* in metropolitan cities and other overbanked area*, while granting a licence preference may be given to those the headquarters of which are proposed to be located in a centre which does not have the htadqu' arters of any other bank.

(f) Voting rights of an individual share-holder shall be governed by the ceiling of 10 per cent of the total voting right* as stipulated by Section 12(3) of the Sank* ing Regulation Act. However, exemption from this ceiling may be granted under Section 53 of the said Act, to public financial institution*.

(g) The new bank shall not be allowed to have as a director any person who i* a director of any other banking company, or of companies which among themselves are entitled to exercise voting rights in excess of twenty percent of the total voting rights of all the shareholder*] of the banking company, as laid down in the Banking Regulation Act, 1S49.

(h) The bank will be governed by the provisions of the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949 and other relevant statutes, in regard to its management set up liquidity requirements and the scope of its activities. The directives, instructions, guidelines and advices given by the RBI, shall be applicable to such a bank as in the case of other banks. It would be ensured that a new bank would concentrate on core banking activities initially.

(i) Such a bank shall be subject to prudential norms in respect of banking operations accounting policies and other policies as are laid down by RET. The boat will have to achieve capital adequacy of 8 per cent of the risk weighted assets from tie very beginning. Similarly, norm* for income recognition, asset classification, and provisioning will also be appli-cabble is it *teat** the beginning. So will be the single borrower and group borrowers exposure limits that will be *m* force from time to time.

(j) The bank shall have to observe priority sector lending targets as appli cable to other domestic banks. However, in recognition of the fact that new entrants may require some time to lend to all categories *of* the priority sector, some modification in the composition of the priority sector lending may be considered by the RBI for an initial period of three years.

(k) Such a bank will also have to comply with such directions of the RBI a* are applicable to existing banks in the matter of all export credit. As a facilitation of this it may be issued as authorised dealers licence to deal in foreiga exchange, when applied for.

(J) A new bank shall not be allowed to set up a subsidiary or mutual fund for at least three years after it* establishment The holding of such a bank in the equity of other companies *hall be governed by the existing provisions applicable to other banks viz.;—

(i) 30 per cent of the bank's or <h«i invitee company's capital funds, whichever is less ,as set out under the Banking Regulation Act, 1949; and

(ii) 1.5 per cent of the bank's in-cremental deposits during a year as per RBI guidelines.

The aggregate of such investments in the subsidiardies, and Mutual Fund (if and when set up) and portfolio investments in other companies shall not exceed 20 percent of the Bank's own paid-up capital and reserves.

(iii) In regard to branch opening, ft shall be governed by the existing policy that banks are free to open branches at various centres including urban [metropolitan centres without the prior approval (of the RBI once they satisfy the capital ' adequacy and prudential accounting *norm* , However, to avoid over-concentratioa •# their branches in metropolitan areas and

cities, a new bank will be required to open rural nad semi-urban branches also as may be laid down by RBI.

(n) Such a bank shall have to' lay down its loan policy within the overall policy guidelines of RBI. While, doing so, it shall specifically provide prudential norms* covering related party transactions.

(o) Such'a bank shall make full use of modern 'infrastructural facilities in office equipments, computer, ' telecommunica-tions etc. in order to provide good customer service. The bank should have a high powered customer grievanees cell to handle customer complaints.

(p) Such other conditions as RBI may prescribe from time to time.

Losses of overseas branches of Indian Banks

7525. SHRI RAJUBHAI A. PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether a number of branches of Indian banks have been set up abroad;

(b) if so, the total number and details of foreign- branches of Indian banks and how many and which of them are incurring losses, indicating the accumulated losses so far suffered by each; and

(c) what are the reasons for the losses and what, steps have been taken and are being taken to revive to these bank branches?

THE MINISTER OP STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY:. (a) and (b) Reserve Bank of India has reported that 103 overseas branches of Indian Banks were functioning as on 1st January, 1994, Details are given in the statement *(See* below) Reserve Bank of India has further reported that 24 overseas branches had accumulated losses of US dollar 342 933 millions as n 31-3-93..

(o) Some of the main reasons for accu-mulated losses of foreign branches of. Indian Banks are given as under:—

(i) Sovereign debt incurred through non-re payment of loans given to certain countries.

(ii) Foreign currency loans given to project exporters as a part of projects in Iraq and Libya:

(iii) Higher provisions by banks on real estate loans due to fall in prices in UK & USA. -

RBJ has reported that concerned banks have fully provided for those accumulated losses as well as for problem credits as per requirements of regulatory authorities, la order to improve performance of their overseas branches .the Nationalised Banks have been taking appropriate steps such as improved assets management, reduction of nan-performing loans and economising operational expenditure.